



الشركة السعودية للخدمات الأرضية
Saudi Ground Services Company

Audit Committee report for the year 2023 for shareholders meeting



Table of Contents

Introduction	3
1.The Appointment of the Audit Committee:	3
2.Committees Roles and responsibilities:.....	3
a. Financial Reports:	3
b. Internal Audit	3
c. External Auditors	4
3. Audit committee members:.....	4
4. Audit Committee Meetings:.....	5
5. Achievements of the Audit Committee:.....	5
6. The Audit committee opinion.....	5

Introduction

In line with the provisions of the Company Law issued by the Ministry of Commerce and the Corporate Governance Regulations issued by the Capital Market Authority and the company's Law, all of which stipulated that the Audit committee should carry out the tasks of supervising the internal audit department in the company, which undertake the systems of control and reports and the recommendation of the appointment of external auditors and determining their fees , As well as in supervising any other tasks that the Board of Directors request, which ensures the activation of the supervisory role in the company, the Audit committee during 2023 carried out all the tasks assigned to it in accordance with the regulations and the committee charter of the Audit committee, which was approved by the General Assembly of Shareholders.

According to Article (88) of Corporate Governance Regulations issued by the Capital Market Authority, this annual report of the Audit Committee has been prepared to show the committee opinion on the adequacy of the company's internal control system and other work within its jurisdiction.

1. The Appointment of the Audit Committee:

The Audit committee of the Saudi Ground Services Company was formed based on a decision of the General Assembly which was held on 09/03/2022, whose cycle ends on 05-05-2025.

2. Committees Roles and responsibilities:

The Committee is responsible for monitoring the company's work and verifying the integrity of its reports, financial statements and internal control systems, and the commission's Roles includes the followings:

a. Financial Reports:

1. Audit the company's financial statements, lists and financial performance announcements before submission to the Board of Directors to ensure their integrity, fairness, and transparency and to express their opinion.
2. Provide technical opinion at the request of the Board of Directors as to whether the Board's report - and the Company's financial lists are fair, balanced, and understandable and include information that allows shareholders and investors to assess the financial position or status of the Company, its performance, its business model, and its strategy.
3. Study any significant or unusual issues contained in financial reports and accounts.
4. Carefully consider any matters raised by the company's financial manager, his/her supervisor, the company's compliance manager or internal auditor.
5. Verification of accounting estimates in material matters in financial reports.
6. Study of company accounting policies and make an opinion and recommendation to the Board of Directors.
7. Meeting with executive management and external auditors to audit and discuss the company's operational quarterly results and annual financial statements, as well as all internal oversight reports or summaries.
8. Meeting with the internal auditor to review the internal audit reports and to discuss the company quarter results and the quarter and financial results.
9. Audit other relevant reports or financial information provided by a company to a government agency, or the public, and related reports submitted by the external auditors or their summaries.

b. Internal Audit:

1. Study and audit the internal and financial control systems of the company.

2. Study internal audit reports and follow up on the implementation of corrective actions for the observations contained therein.
3. Oversight and oversight of the performance and activities of the internal auditor, internal audit management, governance, and compliance of the company, to ensure that the necessary resources are available and effective in performing the work and tasks assigned to it. If the company does not have an internal auditor, the committee shall make its recommendation to the board as to the need for his appointment and, if not, shall state the reasons in the annual report.
4. Recommend to the Board of Directors the appointment of the Director of the Internal Audit or Management Unit or Internal Auditor and propose rewards.

c. External Auditors:

1. Recommend to the Board of Directors the appointment, dismissal, determination of fees and performance evaluation of external auditors, after ascertaining their independence and auditing the scope of their work and the terms of their engagement.
2. Verify the independence and objectivity of external auditors and the effectiveness of the audit work, taking into account relevant rules and standards.
3. Audit the plan and work of the external auditors of the company and verify and reflect on their failure to submit technical or administrative works outside the scope of the audit.
4. Answer inquiries from external corporate auditors.
5. Study external auditors' reports and observations on the financial statements and follow-up action taken thereon.
6. Audit with the external auditor any problems or difficulties encountered and audit the management response.

d. Ensuring Compliance:

1. reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
2. ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
3. reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board in connection therewith.
4. reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

3. Audit committee members:

	Name	Membership title	General Assembly approval
1	Dr. Omar bin Abdullah Jafari	Committee Chairman	The membership of the members started with the third cycle of the board from 06/05/2022 to 05/05/2025
2	Mr. Adel Abul Khail	Committee member	
3	Mr. Saleh Abdulrahman Al-Fadl	Committee member	
4	Mr. Hisham Ali Al-Aqel	Committee member	
5	Mr. Nader Mohammed Saleh Ashoor	Committee member	

4. **Audit Committee Meetings:**

During 2023 the audit committee held five meetings as follows:

Number of meetings (5) during 2023						
Member Name	First 25/03/2023	Second 17/05/2023	Third 10/08/2023	Fourth 04/11/2023	Fifth 19/12/2023	Total
Dr. Omar bin Abdullah Jafari	Present	Present	Present	Present	Present	5
Mr. Saleh Al-Fadl	Present	Present	Present	Present	Present	5
Mr. Hisham Ali Al-Aqel	Present	Present	Present	Present	Present	5
Mr. Adel Al-Khail	Present	Present	Present	Present	Present	5
Mr. Nader Ashoor	Present	Present	Present	Present	Present	5

5. **Achievements of the Audit Committee:**

During 2023, the Committee achieved several achievements in achieving the objective for which the Committee was formed, which is activating the supervisory role in the company, the Committee took several decisions and recommendations to the Board of Directors to ensure the continuity of the business, including but not limited to the following:

- 1- Recommendation for the financial statement approval for the financial year 2022
- 2- Recommendation for approval of financial statement for first quarter of 2023
- 3- Review internal audit plan for 2023.
- 4- Approval of internal audit plan and supervise it works and review its report through 2023.
- 5- Follow up on the implementation of corrective actions for the observations contained in the internal audit report.
- 6- Follow-up of regulatory letters and reports.
- 7- Follow-up the conduct of internal control work and its effectiveness.
- 8- Approving the internal audit plan for 2024.

6. **The Audit committee's opinion on the adequacy of the company's internal control system:**

One of the responsibilities and roles of the audit committee is to ascertain the adequacy of the internal control of the company and to conduct its work in accordance with established best practices, by following up and examining reports issued by the internal or external auditor or the compliance department. The audit committee's opinion on the adequacy of the company's internal control system is as follows:

Executive management:

The company's executive management has signed declarations affirming its responsibility to provide internal control procedures to ensure the effectiveness and efficiency of the company's operations and control procedures, including the credibility and integrity of the financial reports and the compliance with the regulations, laws, and policies in force .

Internal Audit:

The company's internal audit department also implements the annual audit plan approved by the audit committee to assess the applicable internal control situation, focusing on the evaluation of the regulatory environment, organizational structure, risks, policies and procedures, the segregation of tasks and information systems by randomly sampling planned activities for audit to ascertain the effectiveness and efficiency of the internal control

systems designed and applied, and obtaining assurances of the effectiveness and efficiency of internal control procedures during the year.

Compliance Department:

The Compliance Management is responsible for ensuring the company's compliance with all external laws and regulations. They identify potential risks that the company may face and provide advice on how to avoid them in order to maintain the company's legal position and protect it from any legal penalties. Additionally, they respond to all letters received from regulatory authorities within the specified timeframe and without delay.

External Auditor:

The Audit Committee ensured that the external auditor performed his responsibilities towards the company by following up on the plans and implementing the audit work to obtain a high degree of satisfaction that the accounting standards, which are known in Saudi Arabia, were applied in the company and that the quarterly and annual financial statement results reports of the company were free of material errors, in accordance with the unqualified opinion of the external accountant during 2023. Based on the annual examination of the internal control procedures tested during 2023 by the Audit and External Auditor Committee and the internal audit department of the company, the results of this examination indicated that there were several observations during 2023 and most of them were addressed. It is therefore not possible to emphasize the comprehensiveness of the internal audit procedures and evaluations conducted in the Kingdom, as they are based on random sampling efforts. The above improvement, and the developments are ongoing by the Committee and the company's internal control departments to ensure more effective and efficient follow-up mechanism to internal control processes and procedures.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke, positioned above a solid horizontal line.

Dr. Omar Jefri

Audit Committee Chairman